



The Stream Line

On Kentucky's SRF Program

You need to know...

- What's the SRF program?
- How does it work?
- How can the SRF program help my community?
- What steps do I need to take to get started?
- Who do I contact with questions?
- What are the deadlines for applying?

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What is the State Revolving Fund?

State Revolving Funds (SRF) are federal and state monies for funding new or upgraded drinking water, wastewater, stormwater or nonpoint source projects. If your community has a need for those types of projects, SRF loans are a great option to help you meet those needs.

There are two SRF loan programs. The Drinking Water State Revolving Fund (DWSRF) is for drinking water projects, and the Clean Water State Revolving Fund (CWSRF) is for wastewater, stormwater and nonpoint source projects. Both programs offer a low

interest rate with 20-year terms. The DWSRF can offer 30-year terms for disadvantaged communities.



Funding for these loans comes from the U.S. Environmental Protection Agency (EPA) in the form of an annual capitalization

grant to the state. The state provides a 20 percent match to the federal share.

The Environmental and Public Protection Cabinet's (EPPC) Division of Water (DOW) and the Kentucky Infrastructure Authority (KIA) work together to implement and oversee the SRF programs and help communities get the funds needed for their projects.

To be considered eligible for an SRF loan, your project must be included on the annual Project Priority List in the current Intended Use Plan (PPL/IUP). (See Page 2 to find out more information about these lists.)

DOW and KIA: A Joint Effort

A great deal of work goes on to take eligible projects from application to completion. There are many details and procedures that must be followed in order to be in compliance with the Clean Water Act (CWA), Safe Drinking Water Act (SDWA), EPA, federal and state guidelines.

Through an interagency agreement, DOW and KIA work to provide communities with SRF loans.

DOW reviews each project according to federal and state guidelines and CWA and SDWA compliance. KIA reviews each project for financial capacity, rate sensitivity, and compliance with the Kentucky Uniform System of Accounts and cost based rates. KIA also coordinates the execution of the Loan Assistance Agreement and processes pay requests and billing.

As the project continues on to completion, DOW and KIA assist communities with payments, paper-

work, reports and questions.

In addition, DOW and KIA meet on a monthly basis to discuss the status of current loans and communicate about changes or issues regarding specific projects.

"Water systems across the state are assured of receiving the assistance needed to provide safe drinking water to their customers as a result of the joint effort between KIA and DOW," said Teresa J. Hill, secretary of the EPPC.

KIA Executive Director Tim Thomas said, "Working to achieve both financial and environmental goals, KIA proudly acknowledges the working relationship shared with the Division of Water in administering the SRF programs."

The joint effort of DOW and KIA enables the entire process to run smoothly and helps communities stay on top of any changes or updates.

See Page 3 for contact information for DOW and KIA.

The 2008 Project Priority List/Intended Use Plan

The 2008 Project Priority List/Intended Use Plan for both the Drinking Water State Revolving Fund and the Clean Water State Revolving Fund programs are available online.

Clean Water State Revolving Fund Project Priority List/Intended Use Plan:
www.water.ky.gov/publicassistance/funding/cwsrf/cwsrf_iup.htm

Drinking Water State Revolving Fund Project Priority List/Intended Use Plan:
www.water.ky.gov/dw

The Stream Line

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The Project Priority Lists



The Project Priority Lists (PPL) are lists of projects, ranked in order of priority, that are eligible to receive SRF funding. There are two separate lists and Intended Use Plans (IUP)—one for drinking water projects (DWSRF PPL/IUP) and one for clean water projects (CWSRF PPL/IUP). Only projects on a PPL may be eligible for funding, so getting your project included is the first step.

Each year there is a "Call for Projects" period in which applicants can submit their projects for consideration by filling out a questionnaire that outlines the project. There are two separate questionnaires—one for clean water projects and one for drinking water projects. Questionnaires must be received by the "Call for Projects" deadline in order to be considered. At this time, both lists for state fiscal year 2008 have been ranked and published.

CWSRF

For clean water projects, getting on the PPL is easy. Once you complete the CWSRF Project Questionnaire, DOW will use the Kentucky Integrated Project Prior-

ity Ranking System (KY IPPRS) to rank all eligible projects that are submitted. According to the KY IPPRS Fact Sheet, this new priority ranking system evaluates wastewater, stormwater and non-point source projects "while emphasizing current water quality problems." Eligible projects also include "any project for construction of publicly owned treatment works (as defined in section 212 of the Clean Water Act) or any project or activity that implements the *Kentucky Nonpoint Source Management Program*. This includes planning, design and actual construction of a project." This does not include operations and maintenance costs such as salaries and fuel for equipment outside the scope of a project.

It is anticipated that the CWSRF 2009 Call for Projects period for state fiscal year 2009 will be Oct. 1-Nov. 30, 2007. Check the DOW Web site (www.water.ky.gov) for more information coming soon.

DWSRF

The ranking criteria and process for drinking water projects differs from that of clean water projects. A project priority ranking system is used to determine the order in which projects are evaluated for funding. This system is based on three primary criteria:

- Most serious risk to human health.
- Ensure or maintain compliance with the Safe Drinking Water Act.
- Assist systems most in need on a per household basis according to state affordability criteria.

The DWSRF PPL includes a "fundable" list and a "comprehensive" list. It is one combined list with all projects in ranked order, but the fundable projects are located at the top and the comprehensive list follows the fundable list. The fundable list includes projects with a high ranking that may be eligible for available funds during the fiscal year. The comprehensive list includes projects that may be eligible and could be considered in the event that a project from the fundable list is withdrawn, deemed ineligible or unable to proceed within the given timeframe. The fundable list is constantly changing as projects drop out and projects from the comprehensive list are considered to fill the spots on the fundable list. This means that, depending on its ranking, a project on the comprehensive list could be funded if a fundable project is unable to proceed.

The DWSRF 2009 Call for Projects period will be Oct. 1-Nov. 30, 2007. Check the DOW Web site (www.water.ky.gov) for more information coming soon.

The State Revolving Fund Application Process



Once you've been contacted by DOW about your project's ranking and you are able to move forward, you can begin the application process. Forms are available on the KIA Web site. There you will find links to applications and instructions for Fund A (wastewater) and Fund F

(drinking water).

In addition to the completed application, you will also need to submit other documents related to your project. A complete list of everything needed with the application can be found in the instructions for each fund's application located on the KIA Web site.

Once your application is complete, send it with all accompanying documents to KIA. You can request a meeting with DOW staff to discuss the project and any questions you may have. In addition to beginning the applica-

tion process, you will also need to begin an environmental assessment for your project, if applicable. For questions about environmental assessments for clean water projects, contact Jill Bertelson at 502-564-3410, ext. 596. For drinking water projects, contact Leslie Harp at 502-564-3410, ext. 591.

For questions about the application process, contact Lola Lyle, Project Administration Section (PAS) supervisor at the Division of Water, 502-564-3410, ext. 416, or lola.lyle@ky.gov.

Short-Term Loans Available



Did you know that in addition to the 20-year state revolving fund loans, you may also be eligible for a short-term loan to help with planning costs?

For clean water projects,

the CWSRF has a Fund A1 loan available to help finance the preliminary costs for construction such as planning, design and sanitary sewer evaluation studies. This is a five-year loan.

If you apply for a Fund A loan for the construction portion of the project, the Fund A1 loan can be rolled into the Fund A loan.

The same is true for drinking water projects. The DWSRF has a Fund F1 loan available for plan-

ning and design costs prior to construction. This is also a five-year loan.

If you apply for a Fund F loan for the construction portion of the project, the Fund F1 loan can be rolled into the Fund F loan.

If you are interested in learning more about these short-term loans for the preliminary costs associated with the planning and design of your project, contact KIA for more information.



Community Spotlight: Lawrenceburg, Ky.

Lawrenceburg is a growing community. The seat of Anderson County, it's located in the Kentucky Bluegrass region along the Kentucky River. Its convenient proximity to the capital city of Frankfort, growing commerce and family-town appeal make it a great spot to visit or reside.

In January 2003, John Martin of GRW Engineers submitted a Fund A application on behalf of the city of Lawrenceburg for a waste water treatment plant upgrade. Work began in September 2004 and was completed in 2006, and operation with the upgrade in place began in August 2006.

Martin said construction went very well. "This project was one of the better ones I've worked on," he said.

The project increased the plant's existing rating from 1.9 million gallons per day (mgd) to 3.3 mgd, with a peak capacity of 9.9 mgd. New construction also included a screenings and grit building, influent pump station, influent flow measurement, oxidation ditch, three clarifiers, UV disinfection, RAS/WAS pump station and aerobic sludge digesters. This expansion was part of the 20-year facilities plan for 2008-2018, which was created for the area in April 1999.

Martin said the treatment plant with the upgrades is per-

forming well and meeting effluent discharge limits with no problem.

"The treatment plant was subject to overflows during peak rain events and would bypass to the creek," Martin explained. The upgrades have eliminated that problem, as well as made it possible for the treatment plant to better serve the neighboring community of Alton and provide future service to Stringtown, which is currently unsewered and undergoing work to be connected to the Lawrenceburg plant.

Larry Hazlett, Lawrenceburg's public works director, said the plant is "running super. It's so much better than what it was with the old RBCs (rotating biological contactors)."

Larry Hays, supervisor of the Lawrenceburg wastewater treatment plant (WWTP), explained that in the 1980s, RBCs were considered state of the art. Hays explained that they work like a paddle wheel in the water and "mother nature's bugs" would eat the nutrients out of the water.

"We outgrew them," said Hays regarding the RBCs. Currently, there are a few plants in Kentucky that still use RBCs, but a lot of them are being taken out. In Lawrenceburg, they have been replaced by the oxidation ditch.

Martin also explained that the plant upgrade will support the community's anticipated future



Photo Credit: John Martin, GRW Engineering

The new oxidation ditch at Lawrenceburg WWTP

growth—not just residential but also industrial and commercial. "They've got capacity for the next 20 years," he said.

Hazlett said, "It's helped a whole lot. We've got capacity now for a lot of growth."

When asked about their experience with the SRF program, Martin said it was "very positive and smooth running. The interest rate was low and that was helpful in financing a project of that magnitude." With engineering included, the total project cost, which included the SRF loan as well as other funding, was over \$8 million.

"DOW and KIA were very helpful," Martin added. "They helped us get the right paperwork and they were very patient. They were a wonderful staff that treated us really good."

Other wastewater projects for the area include the sewer project currently underway in Stringtown to make it a sewer area and connect to the Lawrenceburg plant.

CONTACT INFORMATION

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News You Can Use

Interest Rates and Fees

KIA offers standard and non standard interest rates for both Fund A and Fund F. Currently the standard rate is 3 percent and the non standard rate is 1 percent for both programs. The KIA Board must establish rates annually but may establish rates more often than annually.

To qualify for a non standard rate, the community must meet one of the following criteria: 1) The median household income of the applicant's jurisdiction or service area as published by the Kentucky State Data Center is below the state median; 2) The median household income of the service area as identified by income surveys is below the state median; 3) The project is considered to promote regionalization as set out in regulation and verified by the authority; 4) The existence of an order or judgment addressing environmental noncompliance; or 5) Other criteria relating to public health or safety, environmental concerns or financial considerations that the authority may determine.

A loan service fee of 0.20 percent of the unpaid loan balance is required annually for Fund A loans. The loan servicing fee for Fund F loans is 0.25 percent, also to be paid annually on the outstanding loan balance.

EPA Grants List For 2008

The list of EPA special appropriations projects that are eligible for funding in fiscal year 2008 has been proposed but has not yet been finalized. To learn more about EPA special appropriations grants, you can visit our the DOW Web site at www.water.ky.gov/publicassistance/funding/.

If you have questions about these grants, contact Lola Lyle at the Division of Water, 502-564-3410, ext. 416, or e-mail her at lola.lyle@ky.gov.

Make a Note...

The application information, form and procedures have been updated as of July 2007. For current information about the SRF application and the updated form, go to www.kia.ky.gov/loan/ and choose the link to the appropriate loan (Fund F-drinking water, Fund A-waste water).

The application submittal process has been revised as well. Completed applications should be sent to KIA (see Page 2 for contact information).



KIA Staff Additions

TIM THOMAS, EXECUTIVE DIRECTOR

Tim Thomas assumed duties as executive director of the Kentucky Infrastructure Authority on Aug. 1, 2007.

A native of the lakes region of western Kentucky, Thomas is a graduate of Murray State University and the University of Louisville School of Law.

Prior to assuming the directorship, Thomas served as policy advisor to the secretary of the Environmental and Public Protection Cabinet (EPPC) and worked in the Commissioner's Office at the Department for Environmental Protection.

While at EPPC, Thomas served as federal facilities coordinator with responsibilities relating to the oversight of the chemical weapons destruction process at Bluegrass Army Depot as well as cleanup of the U.S. Department of Energy site at Paducah. He also served as the EPPC secretary's representative to numerous boards including that of KIA and the Agriculture Conservation Easement Corporation.

CHRIS WHITAKER, FINANCIAL ANALYST

Chris Whitaker began working at Kentucky Infrastructure Authority in April as a financial analyst and works primarily with the SRF program.

Prior to joining KIA, he spent seven years with the municipal utility in the city of Richmond.

DOW Staff Additions

ALISON SIMPSON, INTERNAL POLICY ANALYST

Alison Simpson began working at the Division of Water in July as an internal policy analyst. She reviews loan and grant applications for drinking water and clean water projects and also works on this newsletter.

Prior to joining DOW, she was a freelance writer and desktop publisher and worked in the private sector as an administrative assistant.

